

The Economic Impact of San Francisco's Nightlife Businesses

Office of Economic Analysis
March 5, 2012



Introduction

- In 2011, Supervisor Wiener requested the Office of Economic Analysis to conduct an economic impact study on entertainment and nightlife in San Francisco to determine:
 - The size of the Nightlife Industry.
 - The number of jobs created by the Nightlife Industry.
 - The amount of tourism the Nightlife Industry brings to San Francisco.
 - The amount of tax the Nightlife Industry contributes to the City.
- The Nightlife industries are a major source of employment, economic activity, and tax revenue for the city.
- In addition, by drawing new visitors and spending into San Francisco, the Nightlife Industries are an *economic driver*, which expand business and employment opportunities for other sectors of the economy.

San Francisco's Nightlife Industry

- For the purposes of this study, San Francisco's Nightlife Industries include:
 - Restaurants
 - Bars
 - Venues/Nightclubs
 - Art Galleries
 - Live Theater and Other Performance.
- These industries were included because they represent the economic activity of businesses that provide social activities and entertainment after normal business hours (after 8pm).

Nightlife Industry Definitions

- **Bars** are defined as establishments that have a bar license (ABC license 42 or 48) and do not charge admission. Bars may or may not have live performers.
- **Restaurants** are defined as establishments that have a restaurant license (ABC license 41, 47, and 49) and do not charge admission. Restaurants may or may not have live performers.
- **Venues/Nightclubs** are defined as establishments that have either a bar license or a restaurant license and charge for admission. Venue/Nightclubs may or may not have live performers. Venues can be distinguished from nightclubs as having live performers other than DJs, while nightclubs have DJs. Economically, these two groups are similar, so they were combined for the analysis in this report.

Nightlife Industry Definitions

- **Live Theater** or Other Performance are defined as establishments that provide live entertainment with an admissions charge. Live Theater or Other Performance venues do not have bar or restaurant licenses.
- **Art Galleries** are defined as establishments that conduct retail sales of art. Art galleries do not have a bar license or a restaurant license and do not charge admission. Art galleries may or may not have live performances.

Outside Festivals and Events

- Outdoor events and festivals were not included in our definition of Nightlife Industries, because they are not a distinct industry in the government economic statistics.
- Nevertheless, events and festivals generate a significant amount economic activity for the City.
- For example, based on web survey conducted by Folsom Street Events, attendance at the Folsom Street Fair is estimated at 350,000 - 400,000. 40% of attendees coming from outside of the Bay Area.
- In a recent study conducted by San Francisco State University and commissioned by Another Planet Entertainment, the Outside Lands Festival, an outdoor concert, was estimated to generate \$60.6 million in San Francisco.

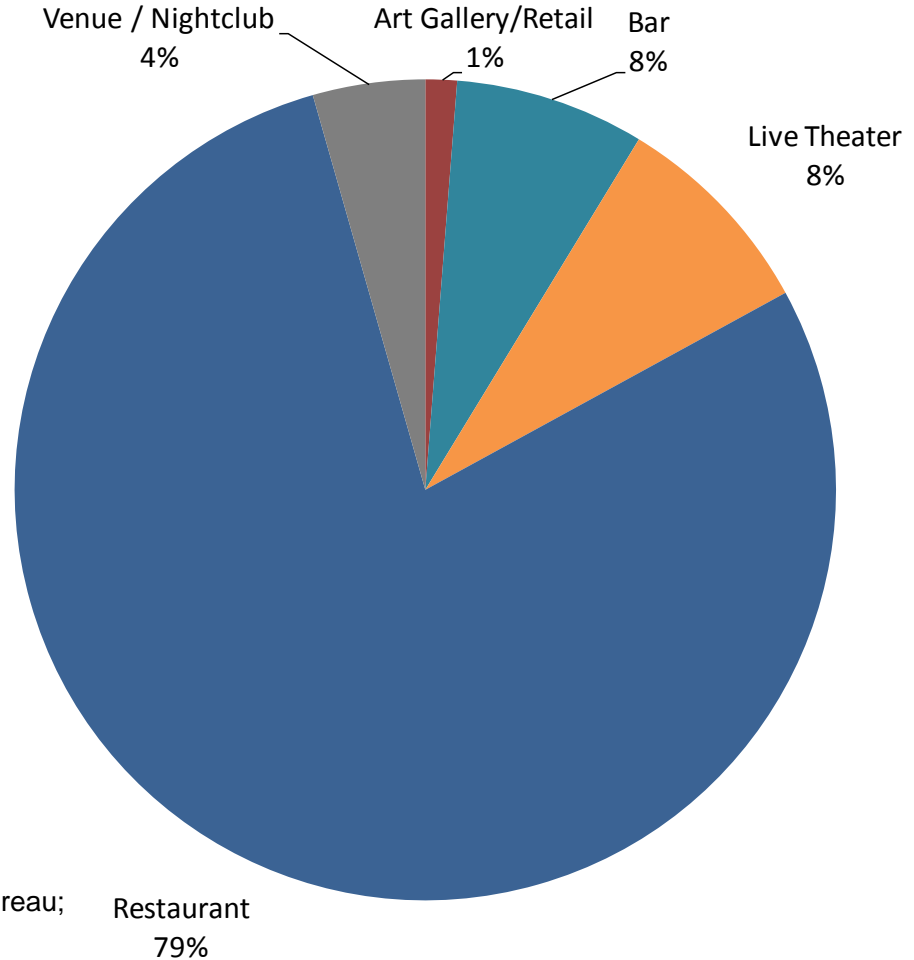
San Francisco's Nightlife Industries Include 3,200 Businesses That Employ 48,000 Workers

- In 2010, there were over 3,200 businesses in these industries in the City.
- Over 2,600 of them are licensed by the Department of Alcoholic Beverage Control, while the remaining 600 are employers, and one or two person businesses, that do not serve alcohol.
- In 2010, these businesses employed nearly 48,000 people in San Francisco.

Source: Bureau of Labor Statistics; ABC

The Nightlife Industry hosts over 80 million customers a year

The City's Nightlife Industry businesses hosted approximately 80 million spending customers in 2010, as a conservative estimate. Restaurants account for 80% of spending customers, with more than 64 million.

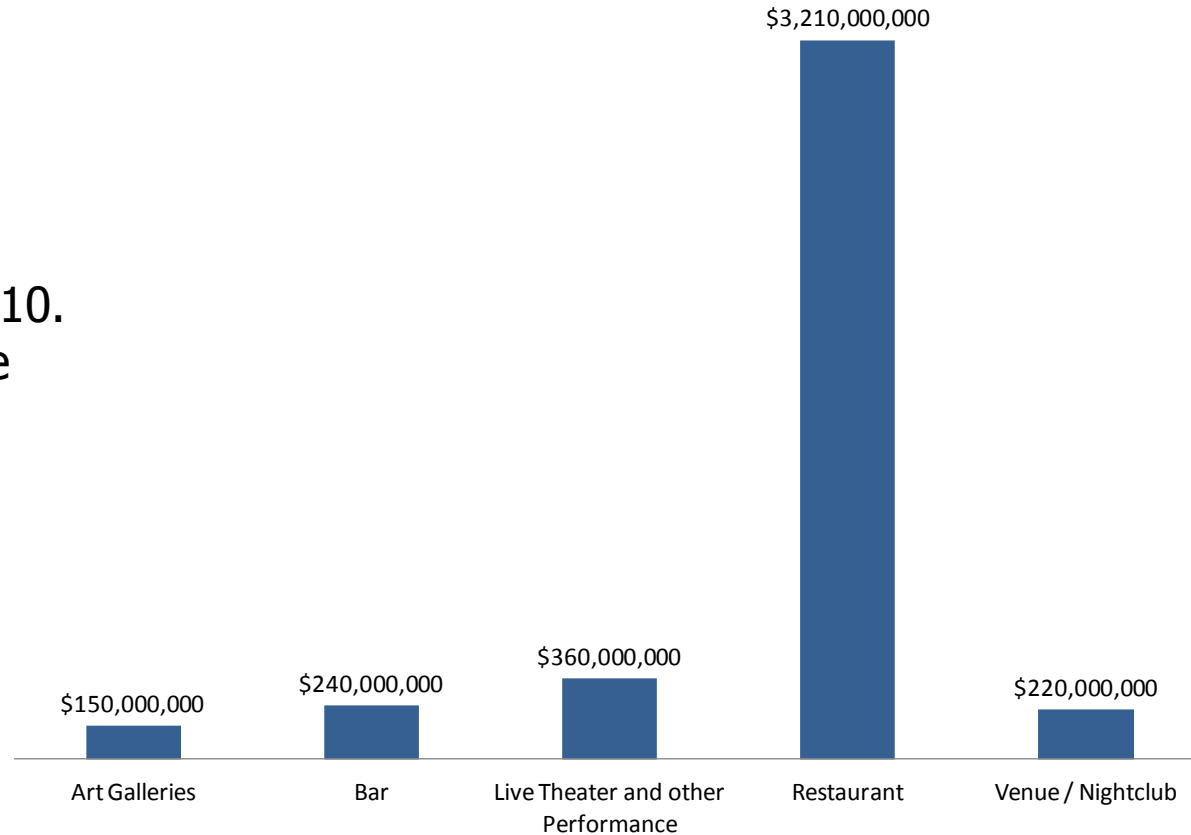


Source: Bureau of Labor Statistics; U.S. Census Bureau; Controller's Office Nightlife Visitor Survey



In 2010, Nightlife Establishments Generated \$4.2 Billion in Spending

As a group, the Nightlife Industries accounted for \$4.2 billion in spending within the city in 2010. Restaurants was the largest segment making up 77% of spending with \$3.2 billion.

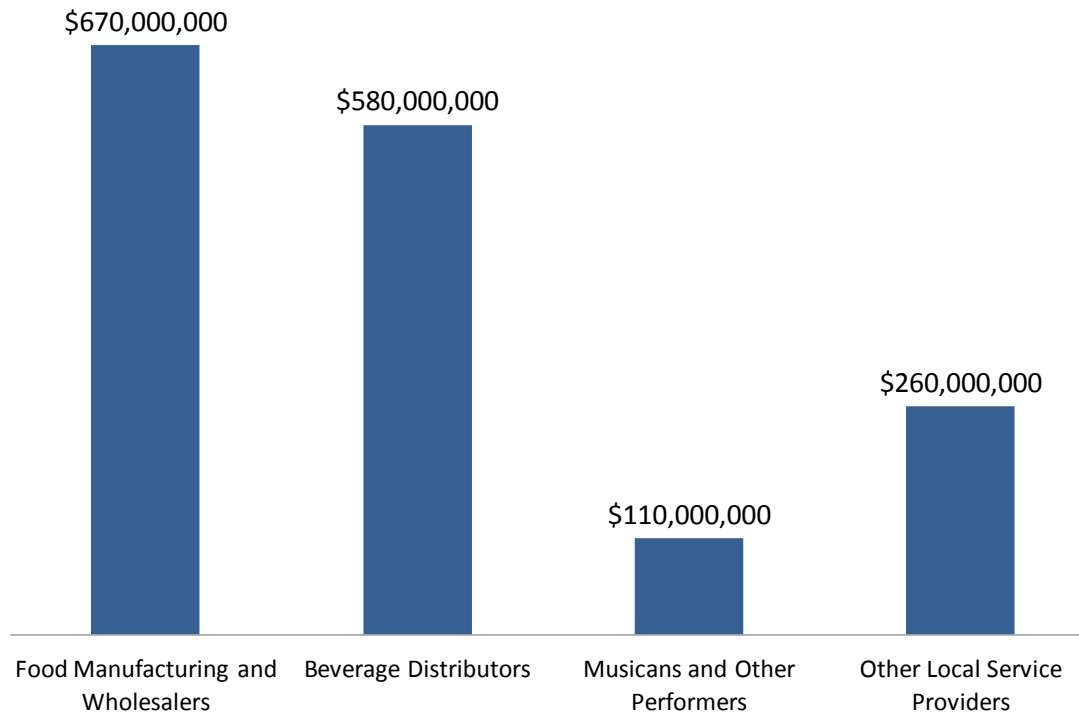


Source: Bureau of Labor Statistics; U.S. Census Bureau



Nightlife Establishments Support the City's Economy by Purchasing from Local Businesses

Nightlife Industries also support local businesses in other industries. In 2010, the Nightlife Industries spent nearly \$670M on local foods, \$580M on local beverages, and \$370M on performers, local business services, and other local suppliers.

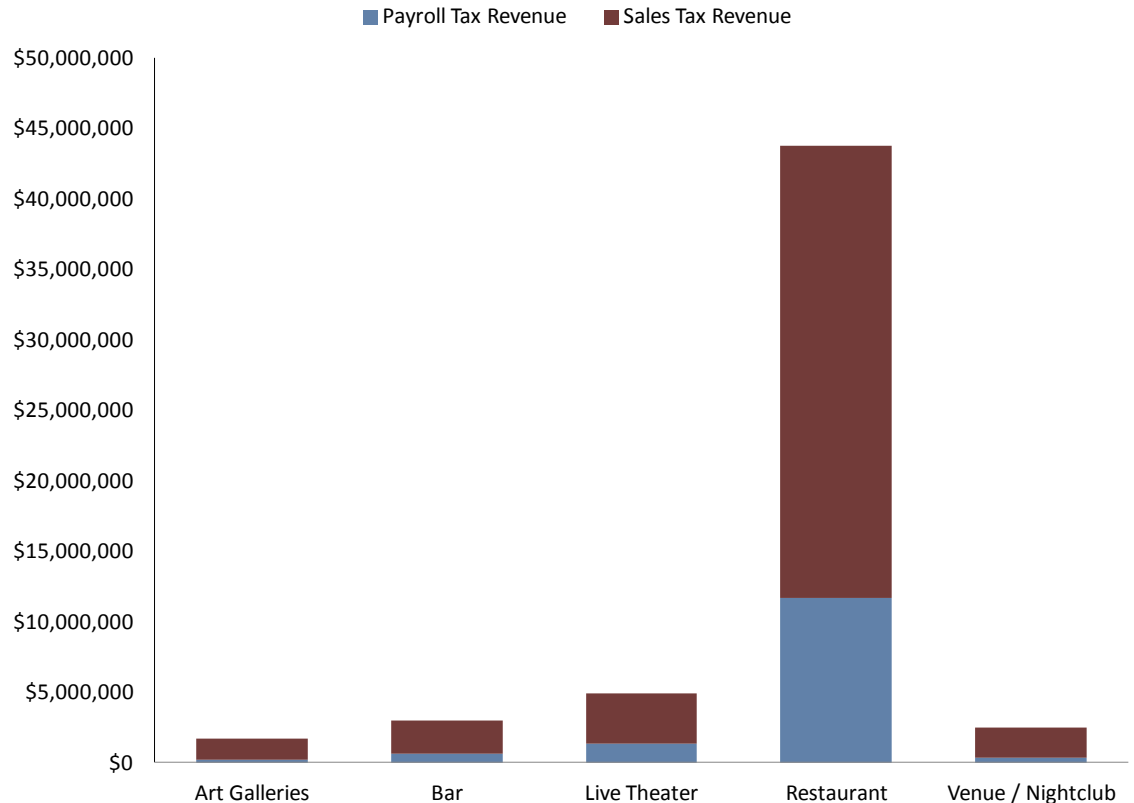


Source: Bureau of Labor Statistics; U.S. Census Bureau; Controller's Office Nightlife Venue Survey



Nightlife Establishments Contributed \$55 Million in Tax Revenue

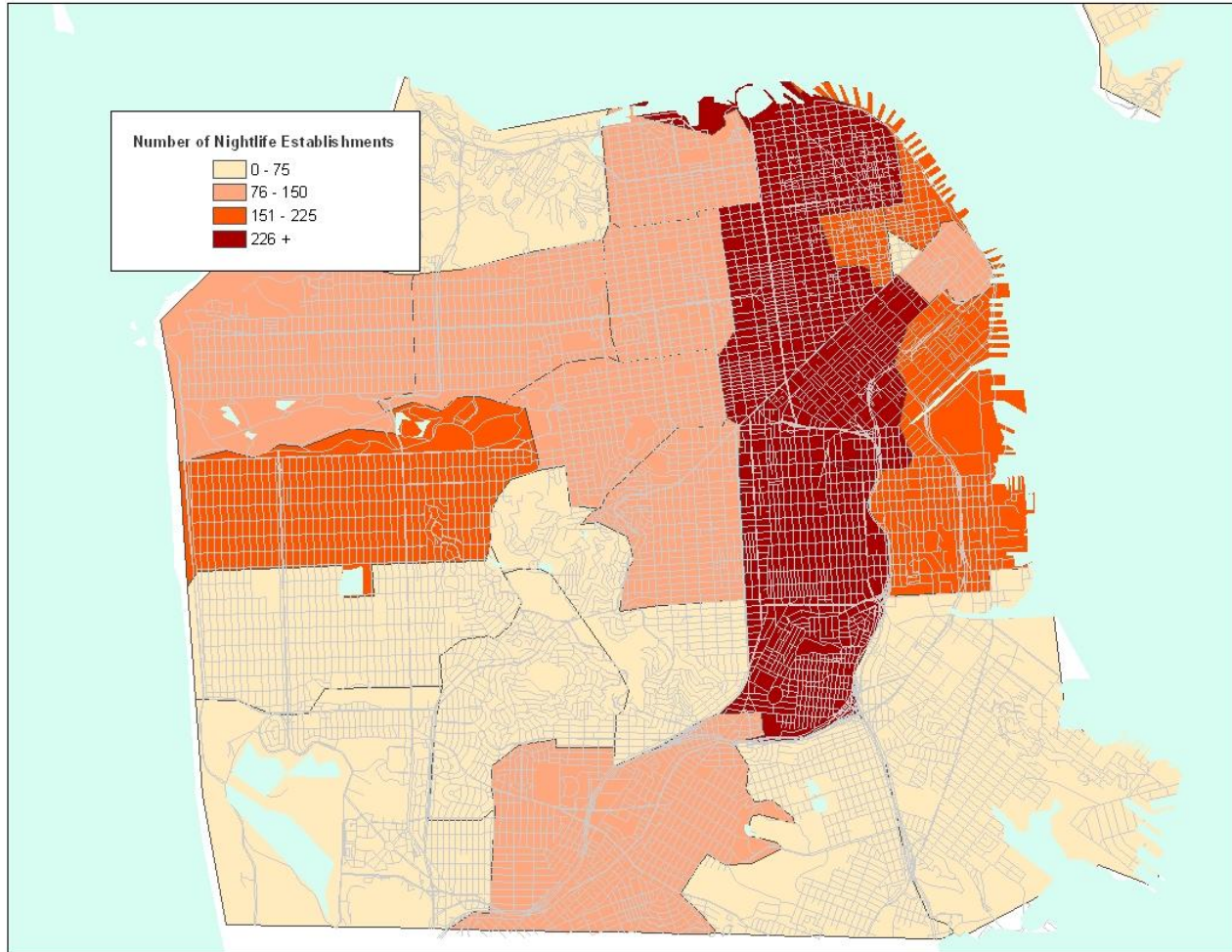
Nightlife businesses pay approximately \$55 million per year in payroll and sales taxes to the City's general fund, in addition to other taxes and fees. Nearly 75% of the \$55 million comes from sales taxes.



Source: Bureau of Labor Statistics; ABC; U.S. Census Bureau; Controller's Office Nightlife Visitor Survey



Nightlife Businesses are Concentrated in Core Visitor Areas within the City

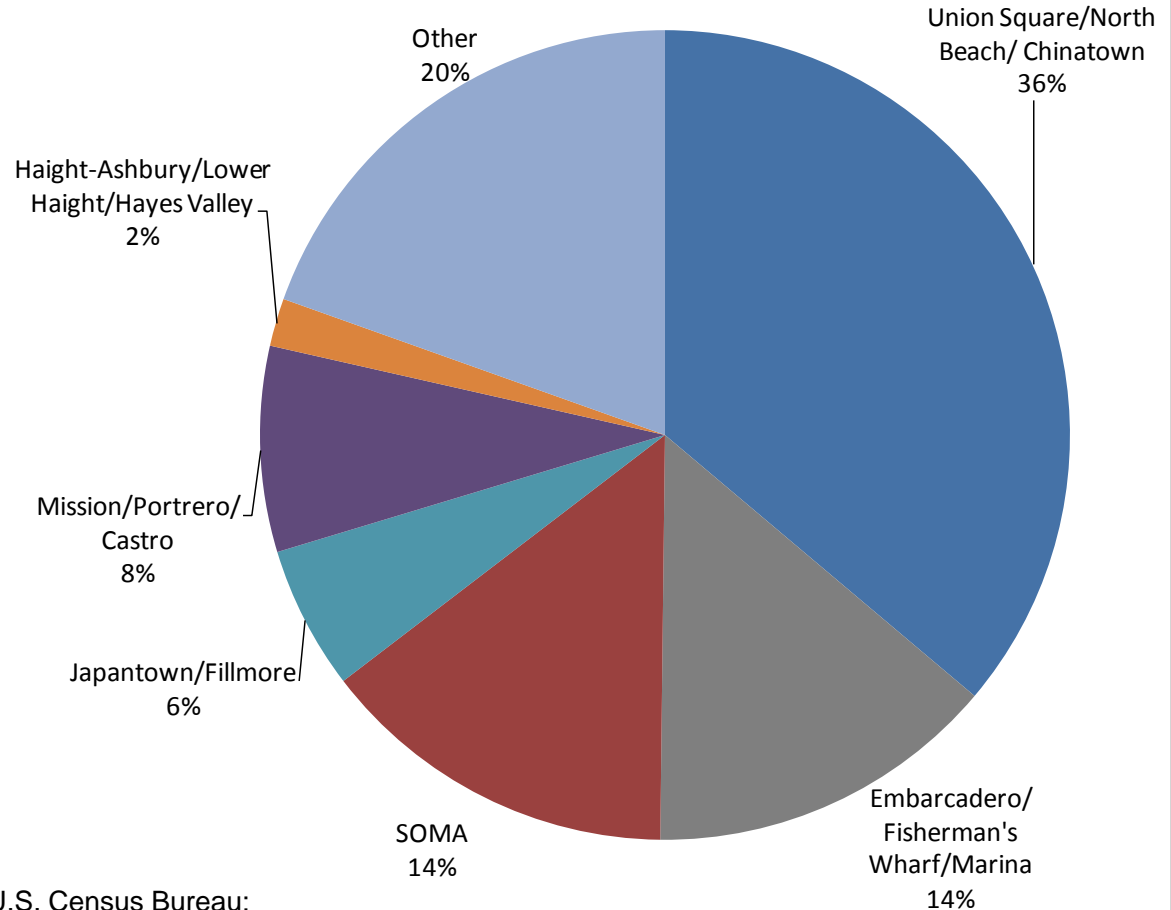


Source: U.S. Census Bureau

80% of Nightlife Spending Happens in These Areas

Approximately 80% of the city's \$4.2 billion Nightline Economy happens at establishments in core visitor areas.

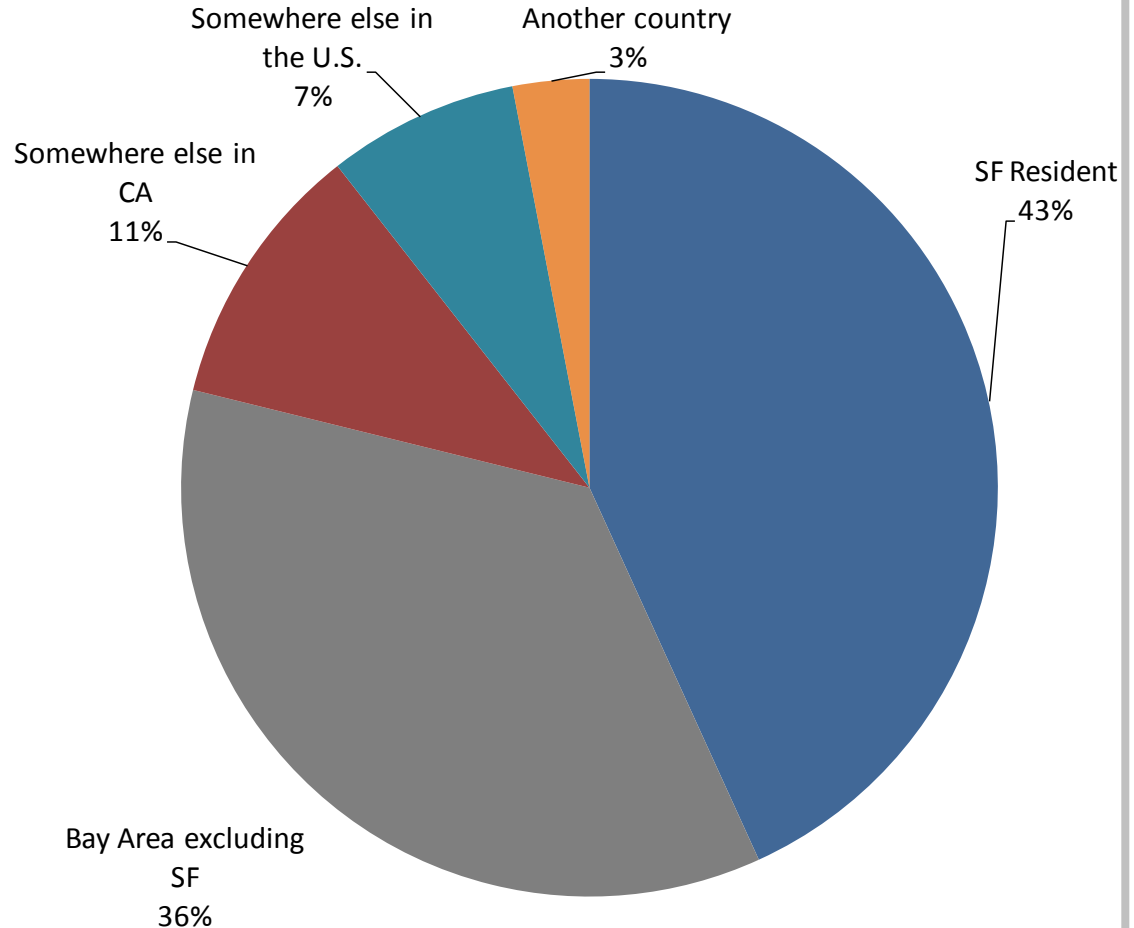
Union Square, North Beach, and Chinatown combine to generate 36% of Citywide sales from Nightlife establishments.



Source: Bureau of Labor Statistics; U.S. Census Bureau; Controller's Office Nightlife Visitor Survey; STARS database

Out-of-Town Visitors Make Up More than Half of Nightlife Patrons in Core Visitor Areas

On an average night, 57% of patrons at Nightlife Industry businesses are visitors to San Francisco. 36% of all patrons come from other Bay Area counties, 11% come from elsewhere in California, and over 10% from other parts of the U.S. or other countries.



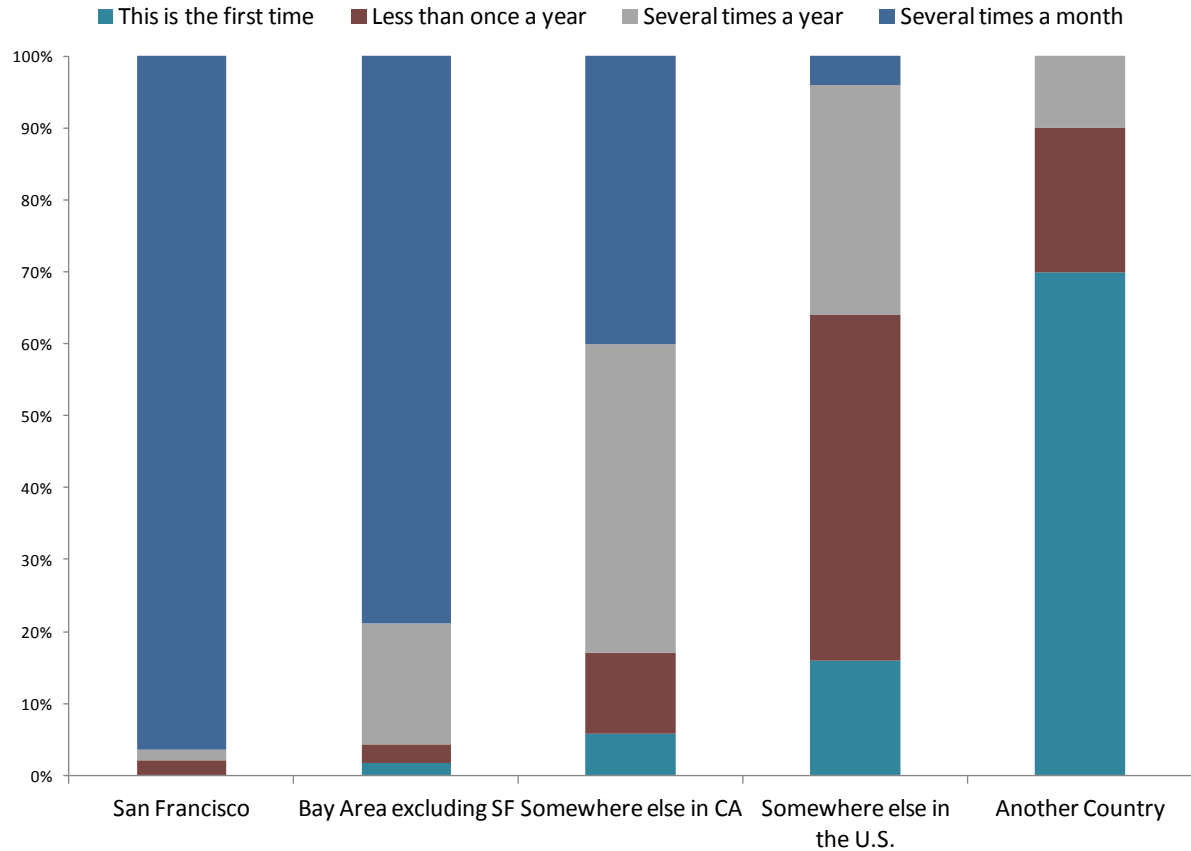
Source: Controller's Office Nightlife Visitor Survey



Bay Area Residents Visit More Frequently Than Patrons from Farther Away

Nearly all San Francisco residents, and nearly 80% of other Bay Area residents, go out at night in the City several times a month.

70% of international visitors were first-time patrons.



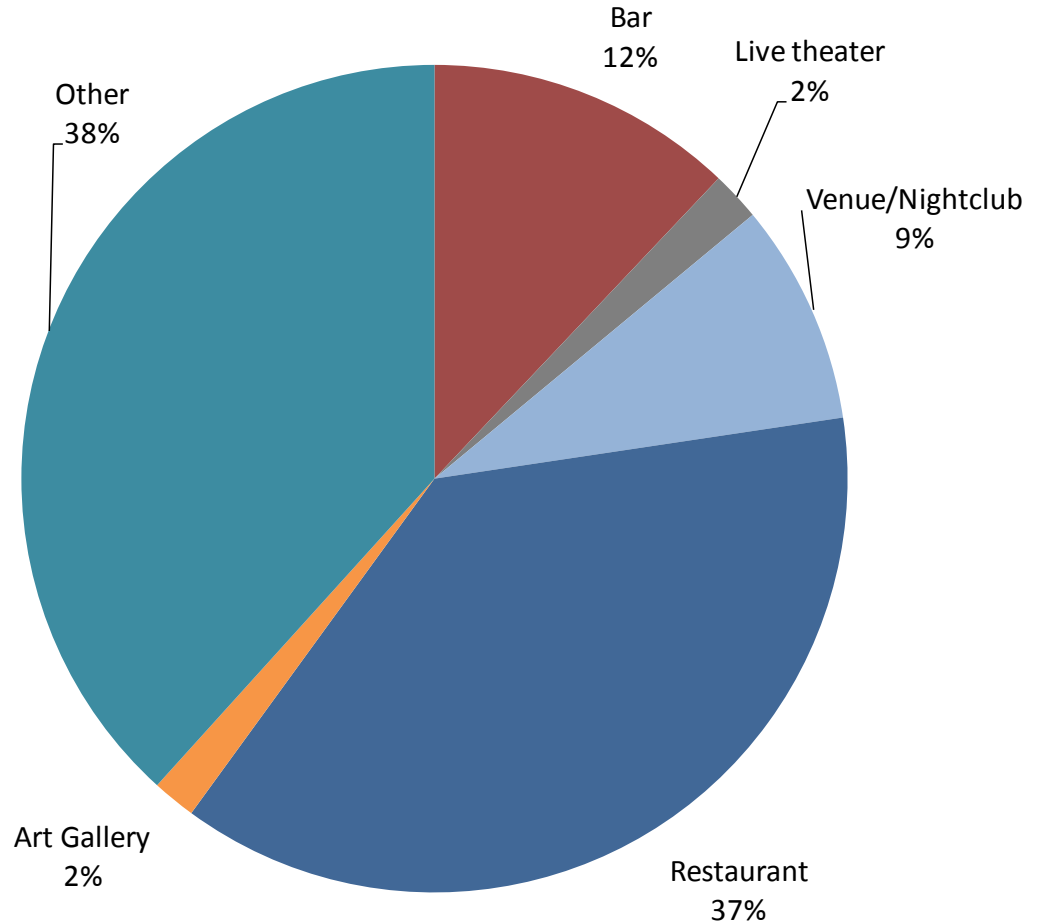
Source: Controller's Office Nightlife Visitor Survey



Main Destination for Evening: San Francisco Residents

Restaurants make up 37% of San Francisco residents' main destination for the night, while the other Nightlife businesses make up 25% of the share.

38% of San Francisco patrons went out for other reasons, such as the movies, or a public event.



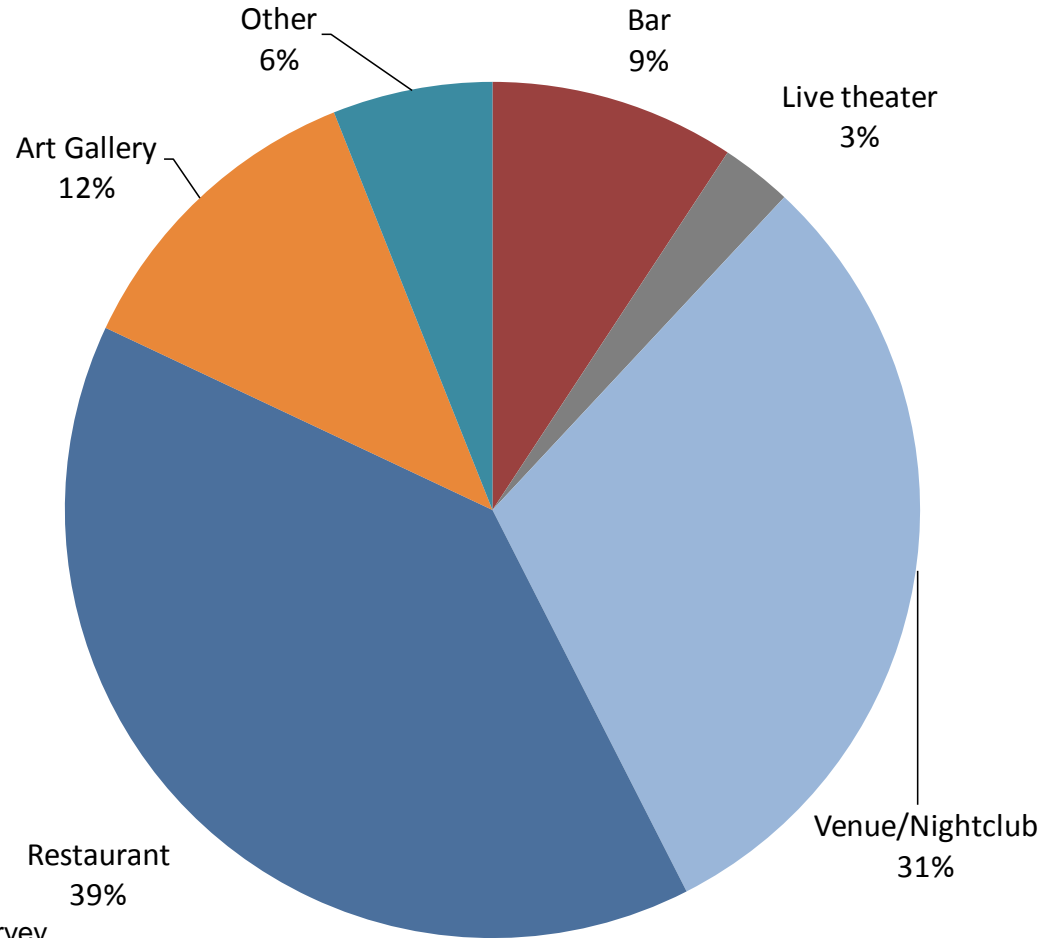
Source: Controller's Office Nightlife Visitor Survey



Main Destination for Evening: Bay Area Residents

94% of Bay Area residents visited the City at night because of its Nightlife Businesses.

39% stated that their main reason for visiting the City was to go to a Restaurant.
Venue/Nightclubs made up 31% of the share.



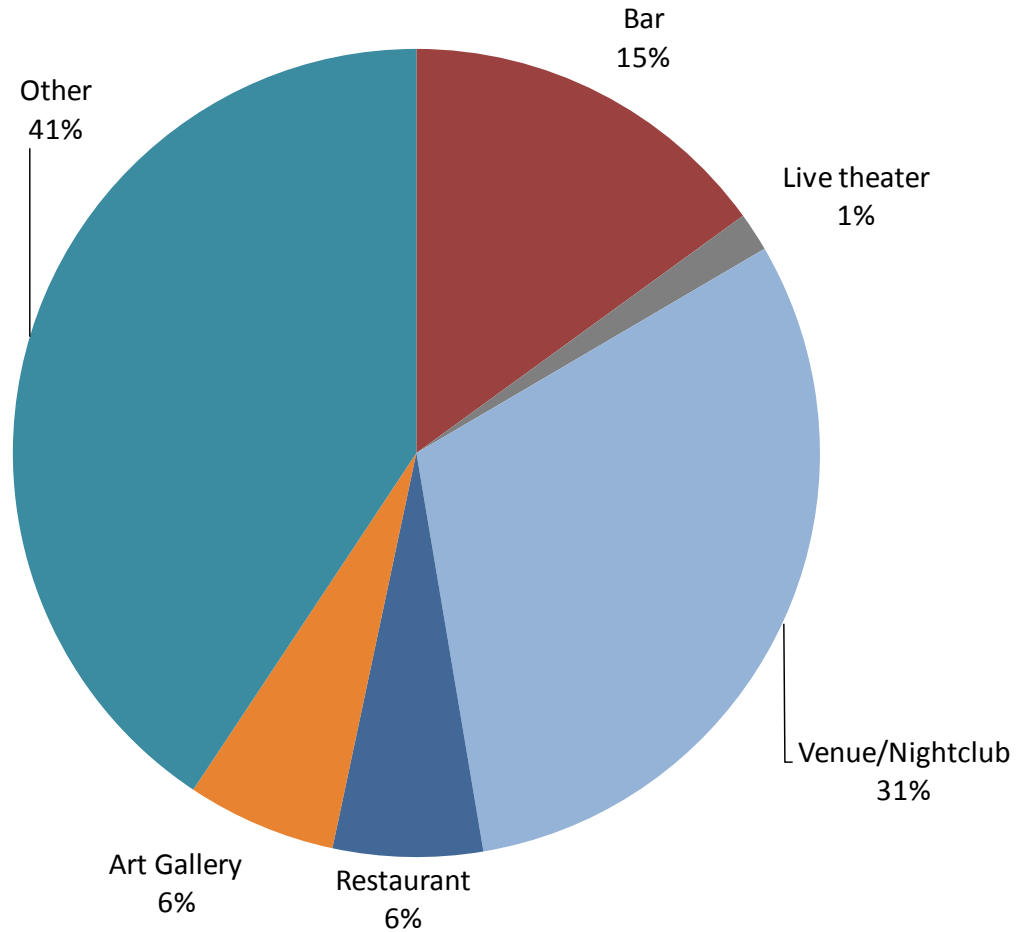
Source: Controller's Office Nightlife Visitor Survey



Main Destination for Evening: Tourists from Outside of the Bay Area

31% of tourists stated that Venue or Nightclubs were the main reason for going out. Other Nightlife establishments make up 28% of the share.

41% of tourists stated other reasons for being out in the City, mainly the Golden Gate Bridge, Fisherman’s Wharf, and other tourist activities.



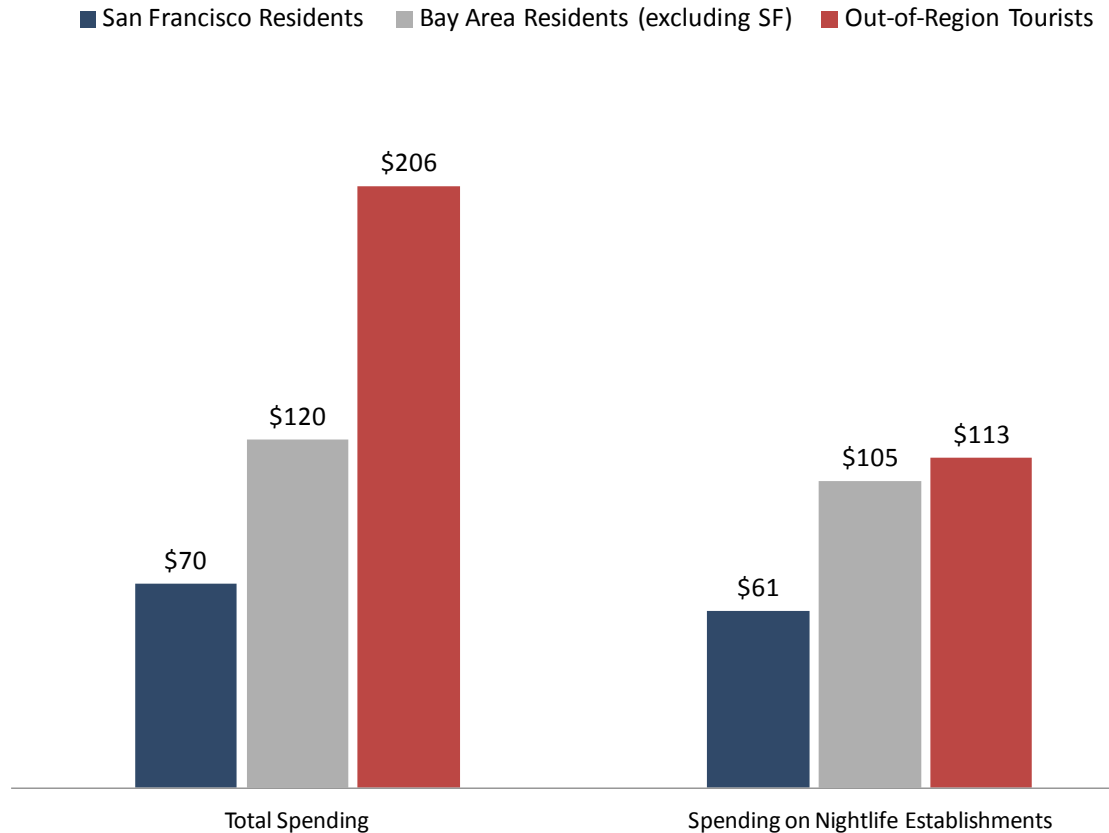
Source: Controller's Office Nightlife Visitor Survey



Tourists Spend Nearly Three Times More at Night Than San Francisco Residents

San Francisco residents make up only one-third of spending on Nightlife in visitor areas.

On average, tourists spend \$206 per evening, compared to \$120 for Bay Area residents, and \$70 for San Francisco residents.



Source: Controller's Office Nightlife Visitor Survey



Visitor Spending at San Francisco's Nightlife Businesses Generates Nearly 27,000 jobs

- More than half of the Citywide \$4.2 billion in nightlife industry spending comes from regional, state, national, and international visitors to San Francisco.
- This spending generates multiplier effects that ripple throughout the city's economy.
- In order to estimate the number of jobs generated by the City's Nightlife, the OEA used its REMI model to simulate spending generated by out-of-town visitors.
- Spending in Nightlife establishments by non-San Francisco residents is estimated to have generated nearly 27,000 jobs.
- Of the 27,000 jobs, nearly 19,000 are at restaurants and bars, 2,500 are in performing arts, and nearly 1,200 from in retail trade. The remaining 4,300 jobs are spread across other industries.

Conclusions

- San Francisco's Nightlife Industry is a large part of the city's economy. 3,200 Nightlife establishments employed 48,000 workers, hosted 80 million spending customers, and generated \$4.2 billion in 2010. These establishments also contributed \$55 million in payroll taxes and sales taxes to the City.
- The Nightlife Industry supported the city's economy by purchasing \$1.6 billion in services and supplies from local businesses, ranging from food and beverages to performers.
- 80% of San Francisco's Nightlife economy is concentrated in visitor areas in the Northeastern sector of the city. 57% of Nightlife patrons in these areas were visitors to San Francisco.
- Visitors who live in other Bay Area counties make up 40% of spending in these areas. The main reason cited by 94% of these visitors for coming to San Francisco was to patronize a Nightlife business.
- These Bay Area patrons spent an average of \$120 per night; San Francisco residents spent an average of \$70 per night, across all venues surveyed.
- Out-of-town visitors spend \$2.2 billion at Nightlife businesses in San Francisco. This spending supports 27,000 jobs across every sector of the economy.

Appendix: Methodology

- Estimates in this study were calculated using the following sources of data:
 - Patron Survey: 331 Nightlife patrons were surveyed at 40 different establishments.
 - Business Survey: 70 Nightlife business participated in the survey.
 - Government Economic Statistics: Bureau of Labor Statistics Quarterly Census of Employment and Wages, the United States Economic Census, and the CA Department of Alcoholic Beverage Control license database
 - The Sales Tax Analysis Reporting System (STARS) database developed by MuniServices, Inc.
- The OEA's REMI model of the San Francisco economy was used to calculate the net jobs impact due to out-of-town visitors spending money on San Francisco's Nightlife Industry.

Appendix: Profile of Surveyed Patrons

Age	Percent
Under age 21	3%
21 - 30	57%
31 - 40	24%
41 - 50	9%
Over 50	7%
Gender	
Female	43%
Male	57%
Race/Ethnicity	
African American/Black	5%
Asian/Pacific Islander	19%
Latino/Hispanic	12%
Mixed	7%
Other	4%
White/Caucasian	53%



Appendix: Visitor Survey Locations

1015 Folsom	Glas Kat	Mission Dance Theater
Benihana	Gloss	Mist Ultra Club
Blondie's Bar & No Grill	Gold Dust Lounge	Molotov's
Boudin	Gordon Biersch	Orphan Andy's
Butter	Hardrock Café	Rickshaw Stop
Citrus Club	Hobsons Choice	SF Underground
City Tavern	Hotel Utah Saloon	Slim's
Club Deluxe	In-N-Out Burger	The Café
Crepes-a-Go-Go	Jones	The Slanted Door
Davies Symphony Hall	Lime	Twin Peaks
DNA Lounge	Macy's	War Memorial Opera House / SF Ballet
DNA Lounge Pizza	Marina Lounge	Yoshi's SF
E Tutto Qua	Mezzanine	
Giordano Bros	Mighty SF	

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